

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>VILLAGE OF ELKTON</b>	County <b>HURON</b>
Audit Date <b>02-28-05</b>	Opinion Date <b>4-21-05</b>	Date Accountant Report Submitted to State: <b>6-15-05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) <b>ANDERSON, TUCKEY, BERNHARDT + DORAN, P.C.</b>			
Street Address <b>715 E. FRANK STREET</b>	City <b>CARO</b>	State <b>MI</b>	ZIP <b>48723</b>
Accountant Signature <i>Sally Anderson CPA</i>			

**VILLAGE OF ELKTON**

**REPORT ON FINANCIAL STATEMENTS**  
**(With Additional Information)**

February 28, 2005

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April 21, 2005

**INDEPENDENT AUDITOR'S REPORT**

Honorable Village Council  
Village of Elkton  
Elkton, Michigan 48731

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Elkton, as of and for the year ended February 28, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Elkton's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Elkton, as of February 28, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended and interpreted, as of February 28, 2005.

The management's discussion and analysis and budgetary comparison information on pages I through V and 18 through 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Elkton's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The combining and individual nonmajor fund financial statements, and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

# VILLAGE OF ELKTON, MICHIGAN

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## Management's Discussion and Analysis

Our discussion and analysis of the Village of Elkton's financial performance provides an overview of the Village's financial activities for the fiscal year ended February 28, 2005. Please read it in conjunction with the Village's financial statements.

### **Financial Highlights**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended February 28, 2005:

- The fund balance in the General Fund increased from \$575,445 to \$585,852
- State-shared revenue, the Village's second largest General Fund revenue source, was reduced by the State of Michigan by \$8,318 representing an 8% decrease from the prior fiscal year. However, the \$101,609 received from the State of Michigan was above the budgeted projection by \$396.

### **Using This Annual Report**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements by providing information about the Village's most significant funds.

# VILLAGE OF ELKTON, MICHIGAN

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## Management's Discussion and Analysis

### The Village as a Whole

The following table shows, in a condensed format, the net assets as of the current date:

	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 1,076,200	\$ 216,588	\$ 1,292,788
Noncurrent assets	835,015	1,549,951	2,384,966
Total assets	1,911,215	1,766,539	3,677,754
Current liabilities	98,227	133,031	231,308
Long-term liabilities	20,202	765,000	785,202
Total liabilities	118,479	898,031	1,016,510
Net assets:			
Invested in capital assets -			
Net of related debt		133,271	133,271
Contributed capital		33,227	33,227
Restricted	41,349		41,349
Unrestricted		702,010	702,010
Fund Balance			
Undesignated	850,744		850,744
Designated	900,643		900,643
Total net assets	\$ 1,792,736	\$ 868,508	\$ 2,661,244

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations ended the fiscal year with a balance of \$850,744 in the governmental activities.

# VILLAGE OF ELKTON, MICHIGAN

## Management's Discussion and Analysis

The following table shows the changes of the net assets during the current year:

	Governmental Activities	Business-Type Activities	Total
<b>Net Assets - Beginning of year - (as adjusted)</b>	\$ 1,673,818	\$ 512,169	\$ 2,185,987
<b>Revenue</b>			
Program revenue:			
Charges for services	66,820	165,107	231,927
Operating grants and contributions			
General revenue:			
Property taxes	337,983		337,983
Intergovernmental revenue	175,322		175,322
Investment earnings	1,978	1,142	3,120
Miscellaneous	35,500	46,521	82,021
Net transfers	10,000	(10,000)	-
Total revenue	627,603	202,770	830,373
<b>Program Expenses</b>			
General government	188,077		188,077
Road maintenance and repair	9,979		9,979
Public safety	118,752		118,752
Public works	117,484		117,484
Culture and recreation	29,990		29,990
Ambulance		84,067	84,067
Water & sewer		60,629	60,629
Depreciation	44,403	15,448	59,851
Interest on long-term debt		4,285	4,285
Total expenses	508,685	164,429	673,114
Change in Net Assets	118,918	38,341	157,259
Cost of land not recorded previously		151,500	151,500
<b>Net Assets - End of Year</b>	<b>\$ 1,792,736</b>	<b>\$ 702,010</b>	<b>\$ 2,494,746</b>



# VILLAGE OF ELKTON, MICHIGAN

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## Management's Discussion and Analysis

### **Governmental Activities**

As this is the first year of implementation for GASB No. 34, comparative information on a government-wide basis is not available for the year ended February 28, 2005. Comparative information will be presented in the Management's Discussion and Analysis for the period ending February 28, 2006. In the current year, comparative information will be discussed for the fund financial statements only.

### **Business-type Activities**

The Village's business-type activities consist of the Water and Sewer Funds and the Ambulance Fund. The Village provides water to residents from ground water wells. Sewage treatment is provided through a Village-owned and operated sewage treatment plant. The Village operated an Ambulance Service for residents in the local area and receives subsidies from four adjoin townships.

The Water and Sewer Fund had a net income of \$35,766, and its cash flow increased by over \$145,843. Revenues for the fund were up about 16%. The Ambulance Fund had net income of \$2,575, and its cash flow increased by over \$1,125.

### **The Village's Funds**

Our analysis of the Village's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. The Village Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Village's major funds for the current year include the General, Major Street and Trunkline, Local Street and Refuse Funds.

The General Fund pays for most of the Village's governmental services. The most significant are Administration, Police Department, and Public Works, which incurred expenses of approximately \$338,748 in the current fiscal year. These costs and the remaining \$123,611 cost of the other General Fund departments are funded by real and personal property taxes and other general revenue sources of the General Fund.

# VILLAGE OF ELKTON, MICHIGAN

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## Management's Discussion and Analysis

### **General Fund Budgetary Highlights**

Overall, revenues in the General Fund fell short of budget by \$22,182.

Village departmental expenses in the General Fund overall spent less than budget projections by \$1,536.

### **Capital Asset and Debt Administration**

As of February 28, 2005, the Village had a total of approximately \$2,384,966 (net of depreciation) invested in a broad range of capital assets, including roads, buildings, equipment, and water and sewer lines.

Debt service makes up approximately 5% of the total governmental expenditures

More detailed information concerning capital assets and long-term debt can be found in Notes 8 and 11, respectively, in the notes to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

In preparing 2005-2006 budget, the village expects similar activity levels to 2004-2005. State shared revenues have been consistently declining in recent years, and this trend is expected to continue. Other revenues are expected to be consistent with the 2004-2005 fiscal year.

### **Contacting the Village's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the village's office.

## **FINANCIAL STATEMENTS**

**VILLAGE OF ELKTON**  
**STATEMENT OF NET ASSETS**  
February 28, 2005

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Current assets:			
Cash	\$ 878,378	\$ 180,909	\$ 1,059,287
Accounts receivable	5,182	16,301	21,483
Due from other funds	163,520	19,378	182,898
Due from other units	29,120		29,120
Total current assets	1,076,200	216,588	1,292,788
Noncurrent assets:			
Capital assets, net of depreciation	835,015	1,549,951	2,384,966
<b>TOTAL ASSETS</b>	<b><u>\$ 1,911,215</u></b>	<b><u>\$ 1,766,539</u></b>	<b><u>\$ 3,677,754</u></b>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Customer deposits payable		\$ 7,517	\$ 7,517
Current maturities on long-term debt		35,000	35,000
Due to other funds	\$ 96,884	90,514	187,398
Due to other units	1,393		1,393
Total current liabilities	98,277	133,031	231,308
Noncurrent liabilities:			
Noncurrent portion of long-term debt		765,000	765,000
Accumulated compensated absences	20,202		20,202
Total noncurrent liabilities	20,202	765,000	785,202
<b>TOTAL LIABILITIES</b>	<b><u>118,479</u></b>	<b><u>898,031</u></b>	<b><u>1,016,510</u></b>
<b>NET ASSETS</b>			
Contributions in aid of construction		133,271	133,271
Contributed capital		33,227	33,227
Restricted for:			
Capital projects	41,349		41,349
Unrestricted		702,010	702,010
Fund balance:			
Undesignated	850,744		850,744
Designated	900,643		900,643
<b>TOTAL NET ASSETS</b>	<b><u>1,792,736</u></b>	<b><u>868,508</u></b>	<b><u>2,661,244</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,911,215</u></b>	<b><u>\$ 1,766,539</u></b>	<b><u>\$ 3,677,754</u></b>

The accompanying footnotes are an integral part of the financial statements.

**VILLAGE OF ELKTON  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED FEBRUARY 28, 2005**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Governmental activities:						
General government	\$188,077	\$ 19,703		\$ (168,374)	-	\$ (168,374)
Road maintenance and repair	9,979			(9,979)	-	(9,979)
Public safety	118,752	47,117		(71,635)	-	(71,635)
Public works	117,484			(117,484)	-	(117,484)
Culture and recreation	29,990			(29,990)	-	(29,990)
Depreciation	44,403			(44,403)	-	(44,403)
Total governmental activities	508,685	66,820	-	(441,865)	-	(441,865)
Business-type activities:						
Ambulance	84,067	69,977			\$ (14,090)	(14,090)
Water & sewer	80,362	95,130			14,768	14,768
Total primary government	\$673,114	\$ 231,927	-	\$ (441,865)	678	(441,187)

General revenues:

Taxes:			
Property taxes, levied for general purposes	\$ 291,502		\$ 291,502
Property taxes, levied for streets and sanitation purposes	46,481		46,481
Intergovernmental revenue	175,322		175,322
Investment earnings	1,978	\$ 1,142	3,120
Miscellaneous	35,500	46,521	82,021
Net transfers	10,000	(10,000)	-
Total general revenues and transfers	560,783	37,663	598,446
Change in net assets	118,918	38,341	157,259
Net assets - beginning	1,673,818	512,169	2,185,987
Cost of land not recorded previously		151,500	151,500
Net assets - ending	\$ 1,792,736	\$ 702,010	\$ 2,494,746

The accompanying footnotes are an integral part of the financial statements

**VILLAGE OF ELKTON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
February 28, 2005

	<u>GENERAL</u>	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>					
Cash	\$ 434,039	\$ 103,013	\$ 218,971	\$ 80,830	\$ 836,853
Accounts receivable	5,182				5,182
Due from other funds	153,520		5,000	5,000	163,520
Due from other units	18,382	7,911	2,827		29,120
<b>TOTAL ASSETS</b>	<b><u>\$ 611,123</u></b>	<b><u>\$ 110,924</u></b>	<b><u>\$ 226,798</u></b>	<b><u>\$ 85,830</u></b>	<b><u>\$ 1,034,675</u></b>
<b><u>LIABILITIES &amp; FUND BALANCES</u></b>					
Liabilities:					
Accounts payable					
Customer deposits payable					
Due to other funds	\$ 23,878	\$ 43,898	\$ 28,932		\$ 96,708
Due to other units	1,393				1,393
Total Liabilities	<u>25,271</u>	<u>43,898</u>	<u>28,932</u>	<u>-</u>	<u>98,101</u>
Fund equity:					
Contributed capital					
Contributions in aid of construction					
Retained earnings:					
Reserved					
Unreserved					
Investment in General Fixed Assets					
Fund balance:					
Undesignated	585,852	67,026	197,866		850,744
Designated				85,830	85,830
Total Fund Equity	<u>585,852</u>	<u>67,026</u>	<u>197,866</u>	<u>85,830</u>	<u>936,574</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 611,123</u></b>	<b><u>\$ 110,924</u></b>	<b><u>\$ 226,798</u></b>	<b><u>\$ 85,830</u></b>	<b><u>\$ 1,034,675</u></b>

The accompanying footnotes are an integral part of the financial statements

**VILLAGE OF ELKTON**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET and**  
**STATEMENT OF NET ASSETS**  
February 28, 2005

	Modified Accrual Basis	Reconciling Items			Full Accrual Basis
	TOTAL GOVERNMENTAL FUNDS	CAPITAL ASSETS & LONG TERM DEBT	COMPENSATED ABSENCES	INTERNAL SERVICE FUNDS	TOTAL
<b><u>ASSETS</u></b>					
Cash	\$ 836,853			\$ 41,525	\$ 878,378
Accounts receivable	5,182				5,182
Prepaid expenses					-
Due from other funds	163,520				163,520
Due from other units	29,120				29,120
Total Current Assets	1,034,675	-	-	41,525	1,076,200
Construction in progress					-
Capital assets:					
Land					-
Depreciable capital assets		\$ 1,557,032			1,557,032
Less: Accumulated Depreciation		(722,017)			(722,017)
Total Non-Current Assets	-	835,015	-	-	835,015
<b>TOTAL ASSETS</b>	<b>\$ 1,034,675</b>	<b>\$ 835,015</b>	<b>\$ -</b>	<b>\$ 41,525</b>	<b>\$ 1,911,215</b>
<b><u>LIABILITIES &amp; FUND BALANCES</u></b>					
Liabilities:					
Accounts payable					\$ -
Accrued salaries & wages					-
Accrued interest payable					-
Due to other funds	\$ 96,708			\$ 176	96,884
Due to other units	1,393				1,393
Deferred revenue					-
Accumulated compensated absences			\$ 20,202		20,202
Total Liabilities	98,101	-	20,202	176	118,479
Fund Balances:					
Contributed capital					
Reserved for:					
Capital projects				41,349	41,349
Fund balance:					
Undesignated	850,744				850,744
Designated	85,830	835,015	(20,202)		900,643
Total Fund Balances/Net Assets	936,574	835,015	(20,202)	41,349	1,792,736
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,034,675</b>	<b>\$ 835,015</b>	<b>\$ -</b>	<b>\$ 41,525</b>	<b>\$ 1,911,215</b>

The accompanying footnotes are an integral part of the financial statements.

**VILLAGE OF ELKTON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL UNITS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

					<b>TOTALS (MEMORANDUM ONLY)</b>
	<b>GENERAL</b>	<b>MAJOR STREET</b>	<b>LOCAL STREET</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>PRIMARY GOVERNMENT</b>
<b>REVENUES:</b>					
Taxes	\$ 291,502		\$ 46,481		\$ 337,983
Intergovernmental revenue:					-
Gas & weight tax		\$ 54,318	19,395		73,713
State	101,609				101,609
Charges for services	57,915				57,915
Police	8,905				8,905
Miscellaneous	32,835	1,869	796	\$ 1,978	37,478
<b>TOTAL REVENUE</b>	<b>492,766</b>	<b>56,187</b>	<b>66,672</b>	<b>1,978</b>	<b>617,603</b>
<b>EXPENDITURES:</b>					
Legislative	91,922				91,922
Elections	616				616
Village buildings & grounds	30,580				30,580
Police department	124,047				124,047
Cemetery	13,223				13,223
Public works department	122,779				122,779
Recreation department	29,990				29,990
Equipment department	49,202				49,202
Streets		21,581	17,520		39,101
Miscellaneous					-
<b>TOTAL EXPENDITURES</b>	<b>462,359</b>	<b>21,581</b>	<b>17,520</b>	<b>-</b>	<b>501,460</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>30,407</b>	<b>34,606</b>	<b>49,152</b>	<b>1,978</b>	<b>116,143</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in		10,000	20,500	10,000	40,500
Operating transfers out	(20,000)	(10,500)			(30,500)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(20,000)</b>	<b>(500)</b>	<b>20,500</b>	<b>10,000</b>	<b>10,000</b>
<b>EXCESS OF REVENUE &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES &amp; OTHER USES</b>	<b>10,407</b>	<b>34,106</b>	<b>69,652</b>	<b>11,978</b>	<b>126,143</b>
<b>FUND BALANCE - JULY 1</b>	<b>575,445</b>	<b>32,920</b>	<b>128,214</b>	<b>73,852</b>	<b>810,431</b>
<b>FUND BALANCE - JUNE 30</b>	<b>\$ 585,852</b>	<b>\$ 67,026</b>	<b>\$ 197,866</b>	<b>\$ 85,830</b>	<b>\$ 936,574</b>

The accompanying footnotes are an integral part of the financial statements.



**VILLAGE OF ELKTON**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

Net change in fund balances - total governmental funds	\$ 126,143
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their useful lives as depreciation expense	
Depreciation expense	(44,403)
Capital outlay	52,950
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued absences at the beginning of the year	19,192
Accrued absences at the end of the year	(20,202)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, motor pool, central services, and retirees health care, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(14,762)
Change in net assets of governmental activities	<u>\$ 118,918</u>

The accompanying footnotes are an integral part of the financial statements

**VILLAGE OF ELKTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Village of Elkton (the Village) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village of Elkton.

Effective March 1, 2004, the Village implemented the provisions of GASB Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain significant changes in the statements include the following:

A Management Discussion & Analysis (MD&A) section providing an analysis of the Village's overall financial position and results of operations has been included in the financial statements.

Financial statements prepared using full accrual accounting for all of the Village's activities, including infrastructure (roads, etc.).

A change in the fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements).

**ADOPTION OF NEW ACCOUNTING STANDARDS:**

During the fiscal period 2005, the District adopted GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; GASB Statements 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus*, an amendment to GASB Statement No. 21 and No. 34, issued June 2001, and in GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, issued in 2001. These statements require the District to prepare a Management's Discussion and Analysis, government-wide financial statements on an accrual basis, and make some changes to the footnotes.

The following table shows beginning net assets related for the effects of implementation of GASB Statement No. 34:

Fund balance at February 29, 2004 – governmental funds	\$ 866,542
Net capital assets (restated)	826,468
Compensated absences	<u>(19,192)</u>
Restated net assets – March 1, 2004	<u>\$1,673,818</u>

**DESCRIPTION OF VILLAGE OPERATIONS AND FUND TYPES:**

The Village of Elkton was organized in 1897 as a general law village with a fiscal year of March 1 through February 29. The Village operates under a Mayor-Council form of government. The Village provides various services to its residents including law enforcement, fire protection, community enrichment and human services. The Village provides ambulance service for the Village and the surrounding area. The Village contracts this service to other local units of government using the name Elkton Ambulance Service. The ambulance activity is reported in the Village financial statements as an Enterprise fund named Ambulance Fund.

**VILLAGE OF ELKTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**REPORTING ENTITY:**

In accordance with U.S. generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Village of Elkton (the primary government) and its component units. The criteria established by the GASB for determining the reporting entity include oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included. The following is a description of the component units:

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the Village of Elkton. There are six major funds reported on the government-wide financial statements.

The Statement of Net Assets presents the Village's assets and liabilities with the difference being reported as either invested in capital assets, net of related debt, or restricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

**VILLAGE OF ELKTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, (Continued):**

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**GOVERNMENTAL FUNDS:**

Governmental funds include the following fund types:

General Fund:

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of: (1) general Village governmental departments, boards and commissions; (2) court systems; (3) law enforcement; and (4) health, welfare and medical assistance. The fund includes the general operating expenditures of the Village.

Special Revenue Funds:

These funds are used to account for specific revenue (other than special assessments, expendable trusts, or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

Capital Projects Funds:

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**PROPRIETARY FUNDS:**

Enterprise Funds:

These funds account for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds:

These funds account for the financing of goods and services provided by one department or agency to other department or agencies of the governmental unit, or to other governmental units on a cost reimbursement basis or for the purchase of delinquent real property taxes from local units of government.

**VILLAGE OF ELKTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**BUDGETS AND BUDGETARY ACCOUNTING:**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year-end. The budgeted revenues and expenditures for governmental fund types, include any authorized amendments to the original budget as adopted.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Village does not utilize encumbrance accounting.

**CASH AND INVESTMENTS:**

Cash includes amounts in petty cash and demand deposits. Investments include instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value.

State statutes authorize the Village to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time. The Village is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES:**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**RECEIVABLES:**

Receivables consist primarily of amounts for intergovernmental revenue and customer charges. An allowance for doubtful accounts has been established in those funds where it was determined to be necessary. Credit risk is minimal because of the large number of customers and the authority of the Village to add receivables to the tax rolls that are secured by the underlying property.

**RESTRICTED ASSETS:**

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and Michigan law.

**CAPITAL ASSETS:**

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, etc.) are reported in the operating fund in the government-wide financial statements. Capital assets are defined by the Village of Elkton as assets with initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Any donated assets are recorded at estimated fair market value at the date of donation.

GASB 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed or substantially rehabilitated since fiscal years ending after February 29, 1980 be inventoried and capitalized by the fourth anniversary of the mandated date of adoption of the other provisions GASB 34. The Village has capitalized the current year's infrastructure, as required by GASB 34, and has reported the infrastructure in the Statement of Net Assets.

**VILLAGE OF ELKTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**DEPRECIATION:**

Depreciation expense amounted to \$44,403 for the year ended February 28, 2005. Depreciation is computed using the straight-line method. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Land/Land Improvements	0 - 50
Buildings	10 - 50
Bridges	50
Meters	13 - 20
Storm/Sewer lines	30 - 67
Sidewalks/Trailways	30
Water lines	50
Source of Supply	6 - 50
Motor Vehicles & Related Equipment	3 - 10
Machinery & Equipment	5 - 20
Roads	5 - 20
Parking lots	20
Traffic Signals	15

**COMPENSATED ABSENCES:**

It is the Village's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from the Village's service. In governmental funds, the cost of vacation and sick leave is recognized when payments are made to employees. A liability has been recorded in the Statement of Net Assets.

**FUND EQUITY:**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other Village resources to purchase or construct the water and sewer systems currently in use within the Village. In order to more accurately reflect the equity remaining in these contributions, the contributions are being amortized over the useful life of the assets they aided in constructing or purchasing.

**PROPERTY TAX REVENUE:**

Property taxes become an enforceable lien on the property as of July 1. Taxes are levied on July 1 and are due in September. The Village bills and collects its own property taxes. Village tax revenues are recognized in the year of levy.

**INTERFUND TRANSACTIONS:**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**VILLAGE OF ELKTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**MEMORANDUM ONLY - TOTAL COLUMNS:**

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Prior year memorandum total amounts have been updated for comparative purposes.

**ESTIMATES:**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - PENSION PLANS/DEFERRED COMPENSATION PLAN:**

**DEFINED BENEFIT PENSION PLAN:**

All Village of Elkton full-time employees participate in the Municipal Employees Retirement System ("System"), a multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended December 31, 2004 was \$95,672.

All full-time employees are eligible to participate in the System. Employees who retire at or after age 60 with 10 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1% of their final-average salary for each year of credited service up to 5 years. Final-average salary is the employee's salary over the last five years of credited service. Benefits fully vest on reaching 10 years of service. Vested employees may retire at or after age 55 and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute. Retirees will receive annual adjustments of 2% effective January 1, 2004 under the MERS Benefit Program E.

Covered employees are required by State statute to contribute 3% of their salary, up to \$4,200, and 5% thereafter, to the plan. The Village is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The contribution requirement for the year ended December 31, 2004 was \$4,623, the entirety of which was from the employees.

**GASB 25 AND GASB 27 INFORMATION**

The following information has been prepared by the Segal Company (Actuaries) to provide the information necessary to comply with GASB Statements Number 25 and 27. Statement 25 is effective for fiscal years beginning after June 15, 1996 and Statement 27 is effective for fiscal years beginning after June 15, 1998.

All entries are based on the actuarial methods and assumptions that were used in the December 31, 2004 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial method was used to determine the entries at disclosure.

**VILLAGE OF ELKTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

**NOTE 2 - PENSION PLANS/DEFERRED COMPENSATION PLAN(Continued):**

**DEFINED BENEFIT PENSION PLAN(Continued):**

**GASB 25 INFORMATION (as of 12/31/03)**

Actuarial Accrued Liability	
Retirees and beneficiaries currently receiving benefits	\$207,098
Terminated employees not yet receiving benefits	84,357
Current employees-	
Accumulated employee contributions including	
allocated investment income	61,458
Employer financed	<u>83,673</u>
Total Actuarial Accrued Liability	436,586
Net Assets Available for Benefits at Actuarial Value	<u>445,438</u>
(Market Value is \$406,733)	
Underfunded (Overfunded) Actuarial Accrued Liability	(8,852)

**GASB 27 INFORMATION (as of 12/31/03)**

Fiscal Year Beginning	March 1, 2005
Annual Required Contribution (ARC)	\$ 5,940
Amortization Factor Used	0.119963

**DEFINED CONTRIBUTION PENSION PLAN:**

On February 12, 2002 the Village council adopted a 401A Defined Contribution Plan ("Plan") for the Village employees that was effective September 20, 2002. At February 28, 2005, there were three plan members. Plan members are required to contribute 5% of covered salary. The Village is required to contribute 3% of annual covered payroll. Plan provisions and contribution requirements are established and may be amended by the Village Council.

**BASIS OF ACCOUNTING**

The financial statements of the 401A Defined Contribution Plan for the Village of Elkton are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due.

**VALUATION OF INVESTMENTS**

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value.

Mutual fund investments of \$67,514.71 were held at December 31, 2004.



**VILLAGE OF ELKTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

**NOTE 3 - SEGMENT INFORMATION:**

The Village maintains two enterprise funds that provide ambulance and water and sewer services. Segment information for the year ended February 28, 2005, is as follows:

	<u>AMBULANCE</u>	<u>WATER &amp; SEWER</u>	<u>TOTAL ENTERPRISE FUNDS</u>
Operating revenue	\$ 85,514	\$ 126,112	\$211,625
Depreciation & Amortization expense	10,275	27,166	37,441
Operating income (loss)	1,449	38,316	39,765
Net income	2,575	873,319	875,894
Property, plant & equipment:			
Additions		49,537	49,537
Net working capital (deficit)	33,632	25,712	59,344
Total identifiable assets	89,204	1,654,926	1,744,130
Total equity	89,204	1,556,895	1,646,099

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES:**

The amounts of interfund receivables and payables are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>FUND</u>	<u>INTERFUND PAYABLE</u>
General	\$ 153,520	General	\$ 23,878
Special Revenue	5,000	Special Revenue	72,830
Capital Projects	5,000	Enterprise	90,514
Enterprise	19,378	Equipment	176
Perpetual Care	4,500		
<b>TOTAL</b>	<b>\$ 187,398</b>		<b>\$ 187,398</b>

**NOTE 5 - INTERFUND TRANSFERS:**

Interfund transfers for the year ended February 28, 2005, consisted of the following amounts:

		<u>TRANSFERS FROM</u>					
	<u>General Fund</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Water &amp; Sewer</u>	<u>Capital Project</u>	<u>Lagoon</u>	<u>Equip- ment</u>
							<u>Total</u>
General Fund		\$10,000	\$10,000				\$20,000
Major Streets			10,500				10,500
Local Streets							-
Water & Sewer					\$10,000	\$10,000	20,000
Capital Project							-
Lagoon							-
Equipment							-
<b>Total</b>		<b>\$10,000</b>	<b>\$20,500</b>		<b>\$10,000</b>	<b>\$10,000</b>	<b>\$20,000</b>
							<b>\$70,500</b>

**VILLAGE OF ELKTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

**NOTE 6 - CASH AND INVESTMENTS:**

**DEPOSITS:**

At year-end, the carrying amount of the Village's deposits was \$1,064,286 and the bank balance was \$1,082,782. Of the bank balance, \$456,932 was covered by federal depository insurance with the remaining balance uninsured and uncollateralized.

**NOTE 7 - CONTRIBUTED CAPITAL AND CONTRIBUTIONS IN AID OF CONSTRUCTION:**

Contributed capital currently exists only in the Enterprise Funds. This capital has been used along with other Village resources to purchase or construct the water and sewer systems currently in use or still in construction within the Village. In order to more accurately reflect the equity remaining in these contributions, depreciation expense on fixed assets acquired by grants, entitlements and shared revenues is closed to contributed capital and contributions in aid of construction rather than retained earnings.

**NOTE 8 - CAPITAL ASSET SUMMARY:**

A summary of proprietary fund type and governmental activities property, plant, and equipment at February 28, 2005 is as follows:

	<b><u>AMBULANCE FUND</u></b>	<b><u>WATER &amp; SEWER FUND</u></b>	<b><u>GOVERNMENTAL ACTIVITIES</u></b>	<b><u>TOTAL</u></b>
Land		\$208,304		\$208,304
Buildings			\$459,000	459,000
Police			72,416	72,416
DPW			243,705	243,705
Parks			55,000	55,000
Major & Local Streets			701,511	701,511
Construction in Progress		711,568		711,568
Equipment	\$21,498		25,400	46,898
Ambulance	77,449			77,449
Sewer line		623,694		623,694
Water line		393,057		393,057
Water tower		122,045		122,045
Lagoon system	-	219,506	-	219,506
Total Costs	98,947	2,278,174	1,557,032	3,934,153
Less Accumulated Depreciation	<u>(80,179)</u>	<u>(746,991)</u>	<u>(722,017)</u>	<u>(1,549,187)</u>
Net Carrying Amount	<u>\$18,768</u>	<u>\$1,531,183</u>	<u>\$835,015</u>	<u>\$2,384,966</u>

All depreciation is computed using the straight-line method.

**VILLAGE OF ELKTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

**NOTE 9 - LEGAL COMPLIANCE - BUDGETS:**

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to February 29 of each year, a proposed budget is submitted to the Council for the fiscal year commencing the following March 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to July 1 the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Village Council.
5. Formal budgetary integration is employed as a management control device during the year for the general fund, debt service fund and special revenue funds.
6. Budgets for general, special revenue and debt service funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Village Council during the fiscal year. Individual amendments were not material in relation to the original appropriations that were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

**NOTE 10 - RISK MANAGEMENT:**

The Village is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims from these risks have not exceeded insurance coverage for the past three years.

**NOTE 11 - LONG TERM DEBT:**

The Village issues bonds to provide funds for the acquisition, construction and improvements of major facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. Long-term obligations currently outstanding are as follows:

2004 Drinking Water Revolving Bonds (face amount \$835,000) with annual installment payments ranging from \$35,000 - \$50,000 with interest at 2.125%.	<u>\$ 800,000</u>
Total bonded debt	\$ 800,000
Accumulated compensated absences	<u>20,202</u>
Total long-term debt	\$ 820,202

**VILLAGE OF ELKTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

**NOTE 11 - LONG-TERM DEBT (Continued):**

The annual requirements to amortize long-term debt outstanding as of February 2005 are as follows:

<u>YEAR ENDED</u> <u>FEBRUARY 28,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2006	\$ 35,000	\$ 17,000	\$ 52,000
2007	35,000	16,256	51,256
2008	35,000	15,512	50,513
2009	35,000	14,768	49,768
2010	40,000	13,920	53,919
2011-2015	200,000	57,692	257,692
2016-2020	225,000	35,062	260,062
2021-2024	195,000	10,518	205,519
Total	\$800,000	\$ 180,728	\$980,728
Compensated Absences	20,202		20,202
TOTAL	<u>\$820,202</u>	<u>\$ 180,728</u>	<u>\$1,000,930</u>

## REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF ELKTON, MICHIGAN**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Taxes	\$ 327,240	\$ 314,578	\$ 291,502	\$ (23,076)
Intergovernmental	100,000	101,213	101,609	396
Charges for services	61,750	57,818	57,915	97
Police	6,950	8,905	8,905	-
Miscellaneous	19,703	32,434	32,835	401
TOTAL REVENUES	<u>515,643</u>	<u>514,948</u>	<u>492,766</u>	<u>(22,182)</u>
EXPENDITURES:				
Election	875	616	616	-
Administration	88,890	93,563	91,922	1,641
Cemetery	13,978	13,223	13,223	-
Village buildings and grounds	35,138	30,456	30,580	(124)
Police	126,719	124,047	124,047	-
Public works	123,900	122,800	122,779	21
Recreation	52,010	29,989	29,990	(1)
Equipment	53,010	49,201	49,202	(1)
TOTAL EXPENDITURES	<u>494,520</u>	<u>463,895</u>	<u>462,359</u>	<u>1,536</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>21,123</u>	<u>51,053</u>	<u>30,407</u>	<u>(20,646)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in				-
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES):	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>1,123</u>	<u>31,053</u>	<u>10,407</u>	<u>(20,646)</u>
FUND BALANCE - MARCH 1		<u>555,481</u>	<u>575,445</u>	<u>19,964</u>
FUND BALANCE - FEBRUARY 29	<u>\$ 1,123</u>	<u>\$ 586,534</u>	<u>\$ 585,852</u>	<u>\$ (682)</u>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**MAJOR STREET FUND**  
**STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUE:				
Intergovernmental revenue:				
Gas & weight tax	\$ 42,000	\$ 46,407	\$ 54,318	\$ 7,911
Interest and other	500	1,857	1,869	12
TOTAL REVENUE	42,500	48,264	56,187	7,923
EXPENDITURES:				
Routine maintenance	9,307	4,728	4,816	(88)
Traffic services	2,390	2,423	2,323	100
Snow & ice controls	5,580	6,404	6,404	-
Administrative	3,450	8,038	8,038	-
TOTAL EXPENDITURES	20,727	21,593	21,581	12
OTHER FINANCING SOURCES (USES):				
Operating transfers in	10,000	10,000	10,000	-
Operating transfers out	(10,500)	(10,500)	(10,500)	-
	(500)	(500)	(500)	-
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	21,273	26,171	34,106	7,911
FUND BALANCE - MARCH 1	32,920	32,920	32,920	-
FUND BALANCE - FEBRUARY 29	\$ 54,193	\$ 59,091	\$ 67,026	\$ 7,935

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**LOCAL STREET FUND**  
**STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED FEBRUARY 28, 2005**

	<b>BUDGET</b>			<b>VARIANCE- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUE:</b>				
Tax levy	\$47,000	\$ 41,312	\$ 46,481	\$ 5,169
Intergovernmental revenue:				
Gas & weight tax	15,000	16,568	19,395	2,827
Interest and other	750	795	796	1
<b>TOTAL REVENUE</b>	<b>62,750</b>	<b>58,675</b>	<b>66,672</b>	<b>7,997</b>
<b>EXPENDITURES:</b>				
Construction	-	-	-	-
Routine maintenance	13,260	7,046	7,143	(97)
Traffic maintenance	437	291	291	-
Snow & ice controls	6,660	4,821	3,628	1,193
Administrative	1,868	6,458	6,458	-
<b>TOTAL EXPENDITURES</b>	<b>22,225</b>	<b>18,616</b>	<b>17,520</b>	<b>1,096</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>40,525</b>	<b>40,059</b>	<b>49,152</b>	<b>9,093</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	20,500	20,500	20,500	-
<b>EXCESS OF REVENUE &amp; OTHER SOURCES OVER (UNDER) EXPENDITURES</b>	<b>61,025</b>	<b>60,559</b>	<b>69,652</b>	<b>9,093</b>
<b>FUND BALANCE - MARCH 1</b>	<b>128,214</b>	<b>128,214</b>	<b>128,214</b>	<b>-</b>
<b>FUND BALANCE - FEBRUARY 29</b>	<b>\$ 189,239</b>	<b>\$ 188,773</b>	<b>\$ 197,866</b>	<b>\$ 9,093</b>

See the accompanying notes.



**VILLAGE OF ELKTON, MICHIGAN**  
**AMBULANCE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**YEAR ENDED FEBRUARY 28, 2005**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUE:</b>				
Ambulance calls	\$ 55,000	\$ 69,977	\$ 69,977	\$ -
Miscellaneous	14,967	15,537	15,539	2
<b>TOTAL REVENUE</b>	<b>69,967</b>	<b>85,514</b>	<b>85,516</b>	<b>2</b>
<b>EXPENDITURES:</b>				
Operating Expenses:				
Salaries & wages	24990	26,036	26,037	(1)
Employee benefits	4774	4,986	5,010	(24)
Operating supplies	6300	5,554	6,741	(1,187)
General fund administrative fee	1000	1,000	1,000	-
Professional fees	7780	7,591	7,598	(7)
Telephone	300	445	445	-
Insurance	5790	4,878	4,878	-
Repairs & maintenance	1800	484	484	-
Advertising	150	42	42	-
Depreciation	0	-	10,275	(10,275)
Education & training	2300	258	258	-
Capital outlay	2700	2,359	2,359	-
Miscellaneous	10300	18,940	18,940	-
<b>Total Operating Expenses</b>	<b>68,184</b>	<b>72,573</b>	<b>84,067</b>	<b>(11,494)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,783</b>	<b>12,941</b>	<b>1,449</b>	<b>(11,492)</b>
<b>NON-OPERATING REVENUE (EXPENSES)</b>				
Interest earned	1,000	1,126	1,126	-
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<b>1,000</b>	<b>1,126</b>	<b>1,126</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS IN (OUT)</b>	<b>2,783</b>	<b>14,067</b>	<b>2,575</b>	<b>(11,492)</b>
<b>OPERATING TRANSFERS IN (OUT)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME (LOSS)</b>	<b>2,783</b>	<b>14,067</b>	<b>2,575</b>	<b>(11,492)</b>
<b>RETAINED EARNINGS - MARCH 1</b>	<b>53,402</b>	<b>53,402</b>	<b>53,402</b>	<b>-</b>
<b>RETAINED EARNINGS - FEBRUARY 29</b>	<b>\$ 56,185</b>	<b>\$ 67,469</b>	<b>\$ 55,977</b>	<b>(11,492)</b>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUE:</b>				
Water & sewer system sales	\$ 101,400	\$ 95,130	\$ 95,130	\$ -
Other services, charges & sales	5,200	126,978	28,622	(98,356)
Interest & penalties	1,600	2,360	2,360	-
<b>TOTAL REVENUE</b>	<u>108,200</u>	<u>224,468</u>	<u>126,112</u>	<u>(98,356)</u>
<b>EXPENDITURES:</b>				
<b>Operating Expenses:</b>				
Salaries & wages	12,400	13,633	11,633	2,000
Employee benefits	7,192	7,452	7,452	-
Operating supplies	3,750	4,254	3,965	289
General fund administrative fee	3,000	3,000	3,000	289
Professional fees	900	40,899	750	40,149
Contracted services	1,182	1,332	1,332	-
Telephone	600	488	488	-
Insurance	5,682	4,878	4,878	-
Heat, light & power	8,000	8,720	7,884	836
Repairs & maintenance	17,400	11,651	11,651	-
Bond interest	-	-	4,285	(4,285)
Depreciation	-	-	15,448	(15,448)
Equipment rental	5,000	3,425	3,425	-
Dues & subscriptions	500	415	415	-
Education & training	350	844	844	-
Capital outlay	6,500	49,537	-	49,537
Miscellaneous	3,000	2,762	2,912	(150)
<b>Total Operating Expenses</b>	<u>75,456</u>	<u>153,290</u>	<u>80,362</u>	<u>72,928</u>
<b>OPERATING INCOME (LOSS)</b>	<u>32,744</u>	<u>71,178</u>	<u>45,750</u>	<u>(171,284)</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>				
Interest earned	1,200	16	16	-
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<u>1,200</u>	<u>16</u>	<u>16</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE OPERATING     TRANSFERS IN (OUT)</b>	<u>33,944</u>	<u>71,194</u>	<u>45,766</u>	<u>(25,428)</u>
<b>OPERATING TRANSFERS IN (OUT)</b>	<u>(10,000)</u>	<u>12,395</u>	<u>(10,000)</u>	<u>22,395</u>
<b>NET INCOME (LOSS)</b>	<u>23,944</u>	<u>83,589</u>	<u>35,766</u>	<u>(47,823)</u>
<b>RETAINED EARNINGS - MARCH 1</b>	<u>458,767</u>	<u>458,767</u>	<u>458,767</u>	<u>-</u>
<b>RETAINED EARNINGS - FEBRUARY 29</b>	<u>\$ 482,711</u>	<u>\$ 542,356</u>	<u>\$ 494,533</u>	<u>\$ (47,823)</u>

See the accompanying notes.

## ADDITIONAL INFORMATION

**VILLAGE OF ELKTON**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
February 28, 2005

	<u>CAPITAL PROJECT</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>		
Cash	\$ 80,830	\$ 80,830
Due from other funds	5,000	5,000
<b>TOTAL ASSETS</b>	<b><u>\$ 85,830</u></b>	<b><u>\$ 85,830</u></b>
<b><u>LIABILITIES &amp; FUND BALANCES</u></b>		
Liabilities:		
Due to other funds	-	-
Total Liabilities	-	-
Fund Balances:		
Reserved for:		
Debt service		\$ -
Designated	\$ 85,830	85,830
Total Fund Balances	85,830	85,830
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 85,830</u></b>	<b><u>\$ 85,830</u></b>

See the accompanying notes.

**VILLAGE OF ELKTON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

	CAPITAL PROJECT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:		
Interest Income	\$ 1,978	\$ 1,978
Miscellaneous	-	-
TOTAL REVENUE	<u>1,978</u>	<u>1,978</u>
EXPENDITURES:		
Miscellaneous		
Debt Service:		
Principal		-
Interest		-
TOTAL EXPENDITURES	-	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>1,978</u>	<u>1,978</u>
OTHER FINANCING SOURCES (USES):		
Operating transfers in	<u>10,000</u>	<u>10,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	10,000	10,000
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>11,978</u>	<u>11,978</u>
FUND BALANCE - JULY 1	<u>73,852</u>	<u>73,852</u>
FUND BALANCE - JUNE 30	<u>\$ 85,830</u>	<u>\$ 85,830</u>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>2005</u>			<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL</u>
REVENUES:				
Taxes	\$ 314,578	\$ 291,502	\$ (23,076)	\$ 298,609
Intergovernmental	101,213	101,609	396	109,927
Charges for services	57,818	57,915	97	62,595
Police	8,905	8,905	-	6,889
Miscellaneous	32,434	32,835	401	20,952
TOTAL REVENUES	<u>514,948</u>	<u>492,766</u>	<u>22,182</u>	<u>498,972</u>
EXPENDITURES:				
Election	616	616	-	848
Administration	93,563	91,922	1,641	82,215
Cemetery	13,223	13,223	-	11,410
Village buildings and grounds	30,456	30,580	(124)	30,451
Police	124,047	124,047	-	116,185
Public works	122,800	122,779	21	112,934
Recreation	29,989	29,990	(1)	37,628
Equipment	49,201	49,202	(1)	51,089
TOTAL EXPENDITURES	<u>463,895</u>	<u>462,359</u>	<u>1,536</u>	<u>442,760</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>51,053</u>	<u>30,407</u>	<u>(20,646)</u>	<u>56,212</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			-	
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES):	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>31,053</u>	<u>10,407</u>	<u>(20,646)</u>	<u>56,212</u>
FUND BALANCE - MARCH 1	<u>555,481</u>	<u>575,445</u>	<u>19,964</u>	<u>519,233</u>
FUND BALANCE - FEBRUARY 29	<u>\$ 586,534</u>	<u>\$ 585,852</u>	<u>\$ (682)</u>	<u>\$ 575,445</u>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
YEAR ENDED FEBRUARY 28, 2005**

	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>TOTALS</u>	<u>2005</u>	<u>2004</u>
<b><u>ASSETS</u></b>					
Cash	\$ 103,013	\$ 218,971	\$ 321,984	\$ 195,032	
Due from other funds		5,000	5,000	5,000	
Due from other units	7,911	2,827	10,738	-	
<b>TOTAL ASSETS</b>	<b><u>\$ 110,924</u></b>	<b><u>\$ 226,798</u></b>	<b><u>\$ 337,722</u></b>	<b><u>\$ 200,032</u></b>	
<b><u>LIABILITIES &amp; FUND EQUITY</u></b>					
Liabilities:					
Due to other units	\$ 43,898	\$ 28,932	\$ 72,830	\$ 38,898	
Fund equity:					
Fund balance:					
Undesignated	67,026	197,866	264,892	161,134	
Total Fund Equity	67,026	197,866	264,892	161,134	
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b><u>\$ 110,924</u></b>	<b><u>\$ 226,798</u></b>	<b><u>\$ 337,722</u></b>	<b><u>\$ 200,032</u></b>	

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>TOTALS</u> <u>2005</u>	<u>2004</u>
REVENUE:				
Taxes		\$ 46,481	\$ 46,481	\$ 46,136
Intergovernmental revenue	\$ 54,318	19,395	73,713	60,181
Miscellaneous	1,869	796	2,665	2,591
	<u>56,187</u>	<u>66,672</u>	<u>122,859</u>	<u>108,908</u>
TOTAL REVENUE				
EXPENDITURES:				
Streets	13,543	11,062	24,605	69,681
Administration	8,038	6,458	14,496	4,944
	<u>21,581</u>	<u>17,520</u>	<u>39,101</u>	<u>74,625</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>34,606</u>	<u>49,152</u>	<u>83,758</u>	<u>34,283</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	10,000	20,500	30,500	10,500
Operating transfers out	(10,500)	-	(10,500)	(10,500)
	<u>34,106</u>	<u>69,652</u>	<u>103,758</u>	<u>34,283</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES				
	<u>32,920</u>	<u>128,214</u>	<u>161,134</u>	<u>126,851</u>
FUND BALANCE - MARCH 1				
FUND BALANCE - FEBRUARY 29	<u>\$ 67,026</u>	<u>\$ 197,866</u>	<u>\$ 264,892</u>	<u>\$ 161,134</u>

See the accompanying notes.



**VILLAGE OF ELKTON, MICHIGAN**  
**MAJOR STREET FUND**  
**STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Intergovernmental revenue:			
Gas & weight tax	\$ 46,407	\$ 54,318	\$ 7,911
Interest and other	<u>1,857</u>	<u>1,869</u>	<u>12</u>
TOTAL REVENUE	<u>48,264</u>	<u>56,187</u>	<u>7,923</u>
EXPENDITURES:			
Routine maintenance	4,728	4,816	(88)
Traffic services	2,423	2,323	100
Snow & ice controls	6,404	6,404	-
Administrative	<u>8,038</u>	<u>8,038</u>	<u>-</u>
TOTAL EXPENDITURES	21,593	21,581	12
OTHER FINANCING SOURCES (USES):			
Operating transfers in	10,000	10,000	-
Operating transfers out	(10,500)	(10,500)	-
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>26,171</u>	<u>34,106</u>	<u>7,911</u>
FUND BALANCE - MARCH 1	<u>32,920</u>	<u>32,920</u>	<u>-</u>
FUND BALANCE - FEBRUARY 29	<u>\$ 59,091</u>	<u>\$ 67,026</u>	<u>\$ 7,935</u>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**LOCAL STREET FUND**  
**STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Tax levy	\$ 41,312	\$ 46,481	\$ 5,169
Intergovernmental revenue:			
Gas & weight tax	16,568	19,395	2,827
Interest and other	795	796	1
TOTAL REVENUE	<u>58,675</u>	<u>66,672</u>	<u>7,997</u>
EXPENDITURES:			
Construction	-	-	-
Routine maintenance	7,046	7,143	(97)
Traffic maintenance	291	291	-
Snow & ice controls	4,821	3,628	1,193
Administrative	6,458	6,458	-
TOTAL EXPENDITURES	<u>18,616</u>	<u>17,520</u>	<u>1,096</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>40,059</u>	<u>49,152</u>	<u>9,093</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	<u>20,500</u>	<u>20,500</u>	<u>-</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>60,559</u>	<u>69,652</u>	<u>9,093</u>
FUND BALANCE - MARCH 1	<u>128,214</u>	<u>128,214</u>	<u>-</u>
FUND BALANCE - FEBRUARY 29	<u>\$ 188,773</u>	<u>\$ 197,866</u>	<u>\$ 9,093</u>

See the accompanying notes.

VILLAGE OF ELKTON, MICHIGAN  
 PROPRIETARY FUND TYPE  
 COMBINING BALANCE SHEET  
 February 28, 2005

	ENTERPRISE			TOTALS	
	AMBULANCE FUND	WATER AND SEWER FUND	EQUIPMENT	2005	2004
<b><u>ASSETS</u></b>					
Cash	\$ 34,757	\$ 146,152	\$ 41,525	\$ 222,434	\$ 90,228
Accounts receivable - net	16,301			16,301	17,262
Due from other funds	19,378			19,378	6,692
Fixed assets	98,946	2,278,174		2,377,120	1,544,831
Less accumulated depreciation & amortization	(80,178)	(746,991)		(827,169)	(789,729)
<b>TOTAL ASSETS</b>	<b>\$ 89,204</b>	<b>\$ 1,677,335</b>	<b>\$ 41,525</b>	<b>\$ 1,808,064</b>	<b>\$ 869,284</b>
<b><u>LIABILITIES &amp; FUND EQUITY</u></b>					
Liabilities:					
Accounts payable					
Bonds payable		\$ 800,000			
Due to other funds		90,514	\$ 176	\$ 90,690	\$ 116,396
Customer deposits payable		7,517		7,517	6,392
Total Liabilities	-	898,031	176	98,207	122,788
Fund Equity:					
Contributed capital	\$ 33,227			33,227	33,227
Contributions in aid of construction		133,271		133,271	144,989
Retained earnings:					
Reserved for specific purpose				-	-
Unreserved	55,977	646,033	\$ 41,349	743,359	568,280
Total Fund Equity	89,204	779,304	41,349	909,857	746,496
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 89,204</b>	<b>\$ 1,677,335</b>	<b>\$ 41,525</b>	<b>\$ 1,008,064</b>	<b>\$ 869,284</b>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**WATER & SEWER FUND**  
**STATEMENT OF CHANGES IN CONTRIBUTIONS IN**  
**AID OF CONSTRUCTION**  
**FOR THE YEAR ENDED FEBRUARY 28, 2005**

	<b>YEAR ENDED</b>	
	<u><b>2005</b></u>	<u><b>2004</b></u>
CONTRIBUTIONS IN AID OF CONSTRUCTION - MARCH 1	\$ 144,989	\$ 156,707
LESS: Depreciation of fixed assets acquired from contributions in aid of construction	<u>(11,718)</u>	<u>(11,718)</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION - FEBRUARY 29	<u><u>\$ 133,271</u></u>	<u><u>\$ 144,989</u></u>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**PROPRIETARY FUND TYPE**  
**COMBINING STATEMENT OF REVENUE, EXPENSES**  
**AND CHANGE IN RETAINED EARNINGS**  
**YEAR ENDED FEBRUARY 28, 2005**

	ENTERPRISE			TOTALS	
	AMBULANCE FUND	WATER AND SEWER FUND	EQUIPMENT	2005	2004
<b>OPERATING REVENUE:</b>					
Ambulance calls	\$ 69,977			\$ 69,977	\$ 70,302
Water & sewer system sales		\$ 95,130		95,130	101,424
Other services, charges & sales	15,539	28,622	\$ 35,188	79,349	20,252
Interest & penalties		2,360		2,360	2,167
<b>TOTAL OPERATING REVENUE</b>	<b>85,516</b>	<b>126,112</b>	<b>35,188</b>	<b>246,816</b>	<b>194,145</b>
<b>OPERATING EXPENSES:</b>					
Salaries & wages	26,037	11,633		37,670	36,073
Employee benefits	5,010	7,452		12,462	12,545
Operating supplies	6,741	3,965		10,706	8,050
General fund administrative fee	1,000	3,000		4,000	4,000
Professional fees	7,598	750		8,348	7,097
Contracted services	-	1,332		1,332	3,325
Telephone	445	488		933	798
Insurance	4,878	4,878		9,756	11,192
Heat, light & power	-	7,884		7,884	7,496
Repairs & maintenance	484	11,651		12,135	17,438
Equipment rental	-	3,425		3,425	7,486
Dues & subscriptions	-	415		415	498
Advertising	42	-		42	194
Bond interest	-	4,285		4,285	
Depreciation	10,275	15,448		25,723	26,297
Education & training	258	844		1,102	435
Capital outlay	2,359	-	49,950	52,309	2,898
Contractual write-off	-	-		-	-
Miscellaneous	18,940	2,912		21,852	26,059
<b>TOTAL OPERATING EXPENSES</b>	<b>84,067</b>	<b>80,362</b>	<b>49,950</b>	<b>214,379</b>	<b>176,881</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,449</b>	<b>45,750</b>	<b>(14,762)</b>	<b>32,437</b>	<b>17,264</b>
<b>NON-OPERATING REVENUE (EXPENSES)</b>					
Interest earned	1,126	16		1,142	2,627
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<b>1,126</b>	<b>16</b>	<b>-</b>	<b>1,142</b>	<b>2,627</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS IN (OUT)</b>	<b>2,575</b>	<b>45,766</b>	<b>(14,762)</b>	<b>33,579</b>	<b>19,891</b>
<b>OPERATING TRANSFERS OUT</b>	<b>-</b>	<b>(10,000)</b>	<b>-</b>	<b>(10,000)</b>	<b>-</b>
<b>NET INCOME (LOSS)</b>	<b>2,575</b>	<b>35,766</b>	<b>(14,762)</b>	<b>23,579</b>	<b>19,891</b>
<b>RETAINED EARNINGS - MARCH 1</b>	<b>53,402</b>	<b>458,767</b>	<b>56,111</b>	<b>568,280</b>	<b>492,278</b>
<b>COST OF LAND NOT RECORDED</b>		<b>151,500</b>		<b>151,500</b>	
<b>RETAINED EARNINGS - FEBRUARY 29</b>	<b>\$ 55,977</b>	<b>\$ 646,033</b>	<b>\$ 41,349</b>	<b>\$ 743,359</b>	<b>\$ 512,169</b>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>AMBULANCE FUND</u>	<u>WATER AND SEWER FUND</u>	<u>TOTALS</u>	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	\$ 2,575	\$ 35,766	\$ 38,341	\$ 19,891	
ADJUSTMENT TO RECONCILE NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:					
Depreciation and Amortization	10,275	15,448	25,723	26,297	
CHANGE IN CURRENT ASSETS AND LIABILITIES:					
(Increase) decrease in accounts receivable	961		961	(420)	
(Increase) decrease in due from other funds	(12,686)		(12,686)	(6,692)	
Increase (decrease) in accounts payable		800,000	800,000	(10,000)	
Increase (decrease) in due to other funds		(25,706)	(25,706)	(42,738)	
Increase (decrease) in customer deposits payable		1,125	1,125	745	
Purchase of fixed assets		(680,790)	(680,790)	(80,315)	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,125</u>	<u>145,843</u>	<u>146,968</u>	<u>(93,232)</u>	
NET INCREASE IN CASH & CASH EQUIVALENTS	1,125	145,843	146,968	(93,232)	
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>33,632</u>	<u>309</u>	<u>33,941</u>	<u>127,173</u>	
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 34,757</u>	<u>\$ 146,152</u>	<u>\$ 180,909</u>	<u>\$ 33,941</u>	

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**FIDUCIARY FUND TYPES**  
**CEMETERY FUND**  
**COMBINING BALANCE SHEET**  
**YEAR ENDED FEBRUARY 28, 2005**

	<b>YEAR ENDED</b>	
	<b>2005</b>	<b>2004</b>
	<hr/>	<hr/>
<b><u>ASSETS</u></b>		
Cash	\$ 20,656	\$ 13,637
Due from other funds	4,500	4,500
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b><u>\$ 25,156</u></b>	<b><u>\$ 18,137</u></b>
<b><u>LIABILITIES &amp; FUND EQUITY</u></b>		
Liabilities:		
Due to other funds		
	<hr/>	<hr/>
Total Liabilities	<hr/>	<hr/>
Fund equity:		
Undesignated	\$ 25,156	\$ 18,137
	<hr/>	<hr/>
Total Fund Equity	25,156	18,137
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 25,156</u></b>	<b><u>\$ 18,137</u></b>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**FIDUCIARY FUND TYPES**  
**CEMETERY FUND**  
**STATEMENT OF REVENUE, EXPENSES**  
**AND CHANGE IN RETAINED EARNINGS**  
**YEAR ENDED FEBRUARY 28, 2005**

	<b>YEAR ENDED</b>	
	<b>2005</b>	<b>2004</b>
OPERATING REVENUES:		
Sale of lots	\$ 6,950	\$ 4,500
TOTAL OPERATING REVENUE	6,950	4,500
OPERATING EXPENSES:		
Miscellaneous		
TOTAL OPERATING EXPENSES	-	-
OPERATING INCOME (LOSS)	6,950	4,500
NON-OPERATING REVENUE (EXPENSES)		
Interest earned	69	82
TOTAL NON-OPERATING REVENUE (EXPENSES)	69	82
INCOME (LOSS) BEFORE OPERATING TRANSFER IN (OUT)	7,019	4,582
OPERATING TRANSFERS IN (OUT)	-	
NET INCOME (LOSS)	7,019	4,582
RETAINED EARNINGS/FUND BALANCE - MARCH 1	18,137	13,555
RETAINED EARNINGS/FUND BALANCE - FEBRUARY 29	\$ 25,156	\$ 18,137

See the accompanying notes.



**VILLAGE OF ELKTON, MICHIGAN**  
**GENERAL FUND**  
**SCHEDULE OF REVENUE**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>REVENUE:</b>			
Taxes:			
Current property tax	\$ 311,466	\$ 288,390	(23,076)
Tax collection fees	3,112	3,112	-
Total Taxes	<u>314,578</u>	<u>291,502</u>	<u>(23,076)</u>
Intergovernmental Revenue:			
State of Michigan			
State revenue sharing	<u>101,213</u>	<u>101,609</u>	<u>396</u>
Total Intergovernmental Revenue	<u>101,213</u>	<u>101,609</u>	<u>396</u>
Charges For Services:			
Cemetery	4,125	4,125	-
Public Works	38,212	38,212	-
Equipment Department			
Major Street Fund	6,162	6,261	99
Local Street Fund	5,894	5,892	(2)
Water and Sewer Fund	<u>3,425</u>	<u>3,425</u>	<u>-</u>
Total Charges For Services	<u>57,818</u>	<u>57,915</u>	<u>97</u>
Police	<u>8,905</u>	<u>8,905</u>	<u>-</u>
Miscellaneous Revenue:			
Building and property rental	9,013	9,013	-
Interest income	9,012	9,407	395
Cable TV franchise fees	2,479	2,479	-
Sale of Assets	-	-	-
Fines	-	-	-
Administration fees	7,187	7,187	-
Refunds and other	<u>4,743</u>	<u>4,749</u>	<u>6</u>
Total Miscellaneous Revenue	<u>32,434</u>	<u>32,835</u>	<u>401</u>
<b>TOTAL REVENUE</b>	<u><u>\$ 514,948</u></u>	<u><u>\$ 492,766</u></u>	<u><u>\$ (22,182)</u></u>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>EXPENDITURES:</b>			
Election:			
Election salaries	\$ 385	\$ 385	\$ -
Supplies	231	231	-
Total Election	<u>616</u>	<u>616</u>	<u>-</u>
Administrative:			
Salaries	36,677	36,677	-
Employees social security	17,366	17,366	-
BCBS employee insurance	61,359	59,803	1,556
Holiday pay	6,128	6,128	-
MERS fund contribution	6,469	6,469	-
MESC contribution	746	746	-
Employee benefits	16,541	16,541	-
Bereavement, Sick, Personal and Vacation pay	20,706	20,706	-
Fringe benefits	(101,601)	(101,601)	-
PO Box reimbursements	-	-	-
Postage	703	703	-
Office supplies	1,008	1,008	-
Printing	550	550	-
Operating supplies	1,600	1,600	-
Audit fee	2,200	2,200	-
Tax roll fees	1,299	1,299	-
Contracted services	965	965	-
Legal fees	1,271	1,271	-
Telephone	2,770	2,685	85
Training/Education	869	869	-
Mileage	410	410	-
Public relations	3,527	3,527	-
Publishing	1,193	1,193	-
Insurance & Bonds	5,693	5,693	-
Membership dues	1,081	1,081	-
Drug task donation	500	500	-
Miscellaneous	2,196	2,196	-
Capital outlay	1,337	1,337	-
Total Administration	<u>93,563</u>	<u>91,922</u>	<u>1,641</u>

(Continued)

**VILLAGE OF ELKTON, MICHIGAN**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Village Buildings & Grounds:			
Salaries	\$ 4,803	\$ 4,803	\$ -
Employee benefits	2,786	2,786	-
Custodial supplies	519	519	-
Property rent - CSX R/R	509	509	-
Insurance	4,878	4,878	-
Contracted services	2,856	2,856	-
Repairs and maintenance	2,875	2,875	-
Electricity	3,813	3,813	-
Heat	3,242	3,242	-
Miscellaneous	600	724	(124)
Capital outlay	3,575	3,575	-
Total Village Buildings & Grounds	<u>30,456</u>	<u>30,580</u>	<u>(124)</u>
Police Department:			
Salaries	66,762	66,762	-
Employee benefits	37,008	37,008	-
Supplies	1,378	1,378	-
Legal fees	5,333	5,333	-
Uniforms and cleaning	1,922	1,922	-
Telephone	1,243	1,243	-
Police car maintenance	1,245	1,245	-
Equipment maintenance	162	162	-
Gas and oil	2,806	2,806	-
Insurance	4,878	4,878	-
Membership dues	312	312	-
Miscellaneous	174	174	-
Capital outlay	69	69	-
Training and other	755	755	-
Total Police Department	<u>124,047</u>	<u>124,047</u>	<u>-</u>

(Continued)

**VILLAGE OF ELKTON, MICHIGAN**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Cemetery:			
Salaries	\$ 2,261	\$ 2,261	\$ -
Employee benefits	1,312	1,312	-
Supplies	-	-	-
Contracted service	3,857	3,857	-
Insurance	4,878	4,878	-
Equipment and Repair	459	459	-
Capital outlay	456	456	-
	<u>13,223</u>	<u>13,223</u>	<u>-</u>
Total Cemetery			
Public Works Department:			
Salaries	34,003	34,003	-
Employee benefits	19,722	19,722	-
Tools and supplies	1,760	1,739	21
Uniforms	1,162	1,162	-
Contracted services	36,952	36,952	-
Holiday decorations	618	618	-
Public relations	-	-	-
Insurance	4,878	4,878	-
Storm drain maintenance	84	84	-
Street lighting	16,926	16,926	-
Sidewalk and parking maintenance	1,253	1,253	-
Tree maintenance	1,040	1,040	-
Seeding/Planting supplies	-	-	-
Radios/Pager	840	840	-
CDL fees/dues	180	180	-
Water/Sewer fee	3,000	3,000	-
Miscellaneous	382	382	-
	<u>122,800</u>	<u>122,779</u>	<u>21</u>
Total Public Works Department			
Recreation Department:			
Salaries	6,005	6,005	-
Employee benefits	2,807	2,807	-
Supplies	2,311	2,311	-
Contracted services	7,005	7,005	-
Insurance	4,878	4,878	-
Repairs and Maintenance	3,847	3,848	(1)
Park lighting	2,645	2,645	-
Capital outlay	491	491	-
	<u>29,989</u>	<u>29,990</u>	<u>(1)</u>
Total Recreation Department			

(Continued)

**VILLAGE OF ELKTON, MICHIGAN**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Equipment Department			
Salaries	\$ 9,580	\$ 9,581	\$ (1)
Employee benefits	5,557	5,557	-
Tools & supplies	724	724	-
Repairs	2,661	2,661	-
Outside labor and repair	1,814	1,814	-
Gas and oil	3,223	3,223	-
Insurance	5,261	5,261	-
Miscellaneous	-	-	-
Capital outlay	381	381	-
Transfer from GLF to Major Equipment	20,000	20,000	-
Total Equipment Department	<u>49,201</u>	<u>49,202</u>	<u>(1)</u>
TOTAL EXPENDITURES	<u>463,895</u>	<u>462,359</u>	<u>1,536</u>
OTHER FINANCING USES:			
Operating transfers out	<u>20,000</u>	<u>20,000</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 483,895</u>	<u>\$ 482,359</u>	<u>\$ 1,536</u>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**AMBULANCE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Ambulance calls	\$ 69,977	\$ 69,977	\$ -
Interest income	1,126	1,126	-
Miscellaneous	<u>15,537</u>	<u>15,539</u>	<u>2</u>
TOTAL REVENUE	<u>86,640</u>	<u>86,642</u>	<u>2</u>
EXPENDITURES:			
Operating Expenses:			
Salaries & wages	26,036	26,037	(1)
Employee benefits	4,986	5,010	(24)
Operating supplies	5,554	6,741	(1,187)
General fund administrative fee	1,000	1,000	-
Professional fees	7,591	7,598	(7)
Telephone	445	445	-
Insurance	4,878	4,878	-
Repairs & maintenance	484	484	-
Advertising	42	42	-
Depreciation	-	10,275	(10,275)
Education & training	258	258	-
Capital outlay	2,359	2,359	-
Miscellaneous	<u>18,940</u>	<u>18,940</u>	<u>-</u>
Total Operating Expenses	<u>72,573</u>	<u>84,067</u>	<u>(11,494)</u>
TOTAL EXPENDITURES	<u>\$ 72,573</u>	<u>\$ 84,067</u>	<u>\$ (11,494)</u>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>REVENUE:</b>			
Water & sewer system sales	\$ 95,130	\$ 95,130	\$ -
Other services, charges & sales	126,978	28,622	(98,356)
Interest & penalties	2,360	2,360	-
Interest income	16	16	-
<b>TOTAL REVENUE</b>	<u>224,484</u>	<u>126,128</u>	<u>(98,356)</u>
<b>EXPENDITURES:</b>			
Operating Expenses:			
Salaries & wages	13,633	11,633	2,000
Employee benefits	7,452	7,452	-
Operating supplies	4,254	3,965	289
General fund administrative fee	3,000	3,000	289
Professional fees	40,899	750	40,149
Contracted services	1,332	1,332	-
Telephone	488	488	-
Insurance	4,878	4,878	-
Heat, light & power	8,720	7,884	836
Repairs & maintenance	11,651	11,651	-
Bond interest	-	4,285	-
Depreciation	-	15,448	(15,448)
Equipment rental	3,425	3,425	-
Dues & subscriptions	415	415	-
Education & training	844	844	-
Capital outlay	49,537	-	49,537
Miscellaneous	2,762	2,912	(150)
Transfer to other funds	(12,395)	10,000	(22,395)
<b>Total Operating Expenses</b>	<u>140,895</u>	<u>90,362</u>	<u>50,533</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 140,895</u>	<u>\$ 90,362</u>	<u>\$ 50,533</u>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN**  
**MAJOR STREET FUNDS**  
**SCHEDULE OF EXPENDITURES**  
**YEAR ENDED FEBRUARY 28, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
Routine Maintenance:			
Labor	\$ 1,085	\$ 1,141	\$ (56)
Employee benefits	591	623	(32)
Materials and supplies	286	286	-
Equipment rental	2,766	2,766	-
	<u>4,728</u>	<u>4,816</u>	<u>(88)</u>
Total Routine Maintenance			
Traffic Maintenance:			
Labor	-	-	-
Employee benefits	-	-	-
Supplies	2,423	2,323	100
Equipment rental	-	-	-
	<u>2,423</u>	<u>2,323</u>	<u>100</u>
Total Traffic Maintenance			
Snow & Ice Control:			
Labor	1,517	1,517	-
Employee benefits	880	880	-
Snow removal supplies	512	512	-
Equipment rental	3,495	3,495	-
	<u>6,404</u>	<u>6,404</u>	<u>-</u>
Total Snow & Ice Control			
Administrative:			
Employee benefits	1,160	1,160	-
General fund	2,000	2,000	-
Insurance	4,878	4,878	-
	<u>8,038</u>	<u>8,038</u>	<u>-</u>
Total Administrative			
TOTAL EXPENDITURES	<u>\$ 21,593</u>	<u>\$ 21,581</u>	<u>\$ 12</u>

See the accompanying notes.



**VILLAGE OF ELKTON, MICHIGAN**  
**LOCAL STREET FUNDS**  
**SCHEDULE OF EXPENDITURES**  
**YEAR ENDED FEBRUARY 28, 2005**

EXPENDITURES:	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
Routine Maintenance:			
Labor	1,323	1,323	\$ -
Employee benefits	767	767	-
Materials and supplies	455	455	-
Equipment rental	4,501	4,598	(97)
	<u>7,046</u>	<u>7,143</u>	<u>(97)</u>
Total Routine Maintenance			
	<u>7,046</u>	<u>7,143</u>	<u>(97)</u>
Traffic Maintenance:			
Labor	13	13	-
Employee benefits	8	8	-
Materials and supplies	270	270	-
Equipment rental	-	-	-
	<u>291</u>	<u>291</u>	<u>-</u>
Total Traffic Maintenance			
	<u>291</u>	<u>291</u>	<u>-</u>
Snow & Ice Control:			
Labor	1,368	1,046	322
Employee benefits	793	607	186
Snow removal supplies	681	681	-
Equipment rental	1,979	1,294	685
	<u>4,821</u>	<u>3,628</u>	<u>1,193</u>
Total Snow & Ice Control			
	<u>4,821</u>	<u>3,628</u>	<u>1,193</u>
Administrative:			
Employee benefits	580	580	-
General fund	1,000	1,000	-
Insurance	4,878	4,878	-
	<u>6,458</u>	<u>6,458</u>	<u>-</u>
Total Administrative			
	<u>6,458</u>	<u>6,458</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 18,616</u>	<u>\$ 17,520</u>	<u>\$ 1,096</u>

See the accompanying notes.

**VILLAGE OF ELKTON**  
**SCHEDULE OF BONDED DEBT**  
**2004 DEBT RETIREMENT FUND**  
February 28, 2005

<u>PRINCIPAL DUE</u> <u>OCTOBER 1</u>	<u>INTEREST DUE</u>	<u>INTEREST DUE</u>	<u>DEBT SERVICE REQUIREMENT</u> <u>FOR FISCAL YEAR</u>	
	<u>APRIL 1</u>	<u>OCTOBER 1</u>	<u>FEBRUARY 28</u>	<u>AMOUNT</u>
\$ 35,000	\$ 8,500	\$ 8,500	2006	\$ 52,000
35,000	8,128	8,128	2007	51,256
35,000	7,756	7,756	2008	50,512
35,000	7,384	7,384	2009	49,768
40,000	6,960	6,960	2010	53,920
40,000	6,534	6,534	2011	53,068
40,000	6,215	6,215	2012	52,430
40,000	5,791	5,791	2013	51,582
40,000	5,365	5,365	2014	50,730
40,000	4,941	4,941	2015	49,882
45,000	4,462	4,462	2016	53,924
45,000	3,984	3,984	2017	52,968
45,000	3,507	3,507	2018	52,014
45,000	3,028	3,028	2019	51,056
45,000	2,550	2,550	2020	50,100
45,000	2,071	2,071	2021	49,142
50,000	1,594	1,594	2022	53,188
50,000	1,063	1,063	2023	52,126
50,000	531	531	2024	51,062
<u>\$ 800,000</u>	<u>\$ 90,364</u>	<u>\$ 90,364</u>		<u>\$ 980,728</u>

See the accompanying notes.

**VILLAGE OF ELKTON, MICHIGAN  
PENSION PLAN  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS**

<b><u>ACTUARIAL VALUATION DATE</u></b>	<b><u>ACTUARIAL VALUE OF ASSETS</u></b>	<b><u>ACTUARIAL ACCRUED LIABILITY (AAL) - ENTRY AGE</u></b>	<b><u>UNFUNDED AAL (UAAL)</u></b>	<b><u>FUNDED RATIO</u></b>
December 31, 2000	473,797	432,074	41,723	109.66%
December 31, 2001	491,009	449,369	41,640	109.27%
December 31, 2002	437,906	422,727	15,179	103.59%
December 31, 2003	445,438	436,586	8,852	102.03%

See the accompanying notes.